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IN THE
Supreme Court of the United States

OCTOBER TERM, 1948

No. 480

PANGBORN CORPORATION,

Petitioner,

vs.

THE AMERICAN FOUNDRY EQUIPMENT
COMPANY,

Respondent

**PETITION FOR WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE
THIRD CIRCUIT AND BRIEF IN SUPPORT THEREOF.**

✓
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THIRD CIRCUIT.**

*To the Honorable the Chief Justice and the Associate
Justices of the Supreme Court of the United States:*

Your petitioner respectfully prays that a writ of certiorari issue to the United States Court of Appeals for the Third Circuit to review a decision of that Court entered September 28, 1948 (170 Fed. 2d 339), affirming a decree of the United States District Court for the District of Delaware.

A certified transcript of the record, including the proceedings in said Court of Appeals, is furnished herewith in compliance with Rule 38 of this Court.

Jurisdictional Statement

Jurisdiction is invoked under Title 28, United States Code, Section 1254.

Summary Statement of the Matter Involved

Your petitioner, a corporation of Maryland, having its factory and principal place of business at Hagerstown in said state (hereinafter called "Pangborn"), seeks to have reviewed and reversed a judgment by the Court of Appeals for the Third Circuit made on September 28, 1948 (R. 393-400), holding, in effect, that Pangborn's pleadings in said action filed in the District Court for the District of Delaware fail to state a claim upon which Pangborn would be entitled to relief under any state of facts which might be proved in support thereof.

Said action sought to obtain from a "suitor", in an earlier patent suit, appropriate relief from irreparable and continuing injury sustained by petitioner, by reason of fraud perpetrated in the Patent Office by respondent in an effort to obtain a species patent directed to a tool of industry petitioner was marketing, and fraud and deceit perpetrated by respondent in the Courts in said patent suit, whereby respondent obtained a decree and affirming judgment finding claims of the patent declared on valid, for a pioneer invention and infringed by said tool; respondent's proofs and representations in said patent suit being false and antithetical to its proofs and representations earlier submitted in the Patent Office and involving Interference No. 72,090, which respondent provoked as the result of the corruption of another application it there had pending; said interference proceedings and a subsequent Protest filed by respondent serving to so delay the grant of a third-party patent that it was not available for establishing prior invention in said patent suit.

The respondent, a corporation of Delaware (hereinafter called "American"), has its factory and principal place of business in Mishawaka, Indiana.

The parties are competitors in the manufacture and marketing of directional control, centrifugal, blasting machines (in construction and operation practically replicas), used primarily for the surface cleaning of castings and analogous articles, by mechanically propelling thereagainst, at high velocity, broken steel shot, known as "grit."

In the fall of 1934 American commenced to market its machine under the name "Wheelabrator." In construction and operation the machine is substantially that of its Hammell application S. N. 725,055, filed May 11, 1934, the salient features of which are illustrated on p. 36x of the Exhibit Book to the Appendix to Pangborn's Brief in the Court of Appeals (hereinafter identified by the letters "E. B.").

American never marketed a machine substantially the same, structurally or functionally, as that disclosed in the Peik application S. N. 685,025 (*Post* 28; E. B. 1x), or that disclosed in the Peik patent No. 1,953,566 (*Post* 28; E. B. 16x-20x). The latter, although the acme of Peik's achievement, was of no practical worth and was scrapped; the former died a-borning.

Pangborn first exhibited its directional control, centrifugal, blasting machine (E. B. 26x-34x; bottom 35x) to the foundry industry in October, 1934. It was a joint invention of its employees Rosenberger and Keefer. As early as January, 1935, it was selling these machines in substantial quantities, under the name "RA Rotoblast" (*Post* 29). It was a success from the outset, and Pangborn continued the marketing thereof, in increasing quantities, until the judgment of the Court of Appeals for the Third Circuit on March 23, 1939 (102 Fed. 2d 964), affirming the decision of the District Court for the Western District of Pennsyl-

vania in *American Foundry Equipment Company v. Pittsburgh Forgings Company and Pangborn Corporation* (67 F. Supp. 911). This case will be hereinafter referred to as "The Pittsburgh Suit."

The Court of Appeals in "The Pittsburgh Suit" found the Peik patent No. 1,953,566 to be valid, and infringed by the "RA Rotoblast" upon the hypothesis that the patent disclosed for the first time a directional control, centrifugal, blasting machine, and that:

"The accused structure infringes claim 16, which is typical of the claims in suit, for it embodies the fundamental concept of the Peik patent, namely, directional control."¹

No finding was made by the Appellate Court that the accused structure exhibits substantially the same number of elements, or substantially the same structure or function thereof, as any Peik claim. Claim 16 was accorded a scope sufficiently sweeping to cover any sort of centrifugal blasting machine which had been, or might be, devised, provided it exhibited the function of "directional control," or in which directional control of the abrasive stream could be effected.

The decree of the District Court in "The Pittsburgh Suit," and its affirmance by the Court of Appeals, were induced by corruption and fraud perpetrated by American in the Patent Office, and fraud and deceit perpetrated by it in the Courts.

Prior to the ascertainment by Pangborn Corporation of the corruption, fraud and deceit, it filed in this Court a petition for a writ of certiorari to the Court of Appeals, praying for its allowance and that the judgment of the Court of Appeals of March 23, 1939 be reviewed and re-

¹ Indubitably refuted by the Grocholl patent No. 2,224,647 (antedating the earliest date ever asserted for Peik).

versed. The petition was denied October 9, 1939 (308 U. S. 566).

Promptly after the proceedings in Interference 72,090 and the subsequent Protest became available to the public, (on the grant of the Grocholl patent), Pangborn filed in the Court of Appeals, based upon this newly discovered evidence, a petition for leave to file in the District Court a petition for leave to file a bill in the nature of a bill of review and for a rehearing. After full oral arguments and the consideration of printed briefs, the Court granted the petition. The petition was thereupon filed in the District Court. It was treated there as a petition for rehearing and denied, because of the rule of *United States v. Throckmorton*, 98 U. S. 1, which at that time in the Third Circuit was "more honoured in the breach than the observance" (*Publicker v. Shallcross*, 106 Fed. 2d 949) and was abolished by Rule 60(b)3, R. C. P., and upon other equally untenable grounds.

July 1, 1940 in interference 71,085 Pangborn's employees Rosenberger and Keefer were adjudged prior inventors to Peik (113 Fed. 2d 129).

Interference 71,085 was declared July 9, 1935 between American's Hammell application S. N. 725,055 aforesaid, and Pangborn's Rosenberger and Keefer application S. N. 726,188.

Over Pangborn's objection, American in this interference substituted for its Hammell application a tainted revived Peik application S. N. 685,025, which application had been permitted to abandon upon the filing, to take its place, on Jan. 24, 1934, of application for the Peik patent No. 1,953,566, granted April 3, 1934.

On May 21, 1935, former Asst. Commissioner of Patents Frazer revived application S. N. 685,025 upon a petition filed March 9, 1935, by American, supported by a false and

fraudulent showing. (July 19, 1948 the present Commissioner of Patents, because of this false and fraudulent showing, vacated the order which had been made reviving the application, dissolved it out of Interferences 74,841 and 75,177, in which it was then involved with applications owned by Pangborn, and held it to be abandoned. (R. 398.)

Pangborn had opposed the substitution for the Hammell application of the Peik tainted application in Interference 71,085. Pangborn had petitioned that an investigation be made to determine whether the application had been revived without authority in law and upon a false and fraudulent showing.

The petition was denied upon the hypothesis stated by the then Asst. Commissioner of Patents, Mr. Justin W. Macklin, that while the Commissioner has authority to revive an abandoned application, once having exercised this right he has no power to kill it, so long as it remains in interference; irrespective of the conclusiveness of such showing as might be made that the petition to revive was false and fraudulent.

Upon the denial of Pangborn's petition, Interference 71,085 (then entitled *Rosenberger and Keefer v. Peik*) was proceeded with, and in due course on July 1, 1940 a final decision was made by the United States Court of Customs and Patent Appeals (113 Fed. 2d 129), affirming the decision of the Board of Appeals in the Patent Office awarding priority of invention to Rosenberger and Keefer.

In respect to American and Pangborn this decision is *res judicata* in the Patent Office, as to all patentable subject matter common to either the Hammell application, or the Peik application, and Pangborn's Rosenberger and Keefer application (Patent Office Rule 109).

After this final decision in Interference 71,085 Rosenberger and Keefer, on behalf of Pangborn, filed application S. N. 382,256, which is a continuation in part of application

S. N. 726,188, which had been involved in said interference, and upon the former application on June 27, 1944 patent No. 2,352,588 was issued to Pangborn Corporation (E. B. 26x-34x).

Claims 7 to 10 of this patent clearly define the "RA Rotoblast" type of directional control, centrifugal, blasting machine for which priority was awarded to Pangborn as stated, in Interference 71,085.

American having learned prior to February 1933 of the use in Germany of a directional control, centrifugal, blasting machine, substantially as disclosed in the Grocholl German patent No. 539,056,² which issued on an application filed May 10, 1930, planned to monopolize, patentwise, the manufacture, use and sale of directional control, centrifugal, blasting machines in the United States.

In carrying out this scheme, American acquired United States application for patent of Hollingsworth S. N. 570,782, filed Oct. 24, 1931, disclosing a centrifugal, blasting machine, unprovided with means for effecting directional control. American corrupted this application by an amendment filed February 3, 1933, interpolating into its specification a description of one means for effecting directional control. Subsequently, for the same purpose, it changed the drawing of the application (E. B. 21x-22x).

Repeatedly it asserted in the prosecution of the Hollingsworth application that he was the first inventor of a directional control, centrifugal, blasting machine³; antithetical to its own proofs and arguments presented in the Pittsburgh Suit.

Peik brought to the attention of The Wean Engineering Company the idea of a directional control blasting machine

² Drawings corresponding to the later granted Grocholl United States patent No. 2,224,647 (E. B. 2x-10x).

³ And adduced proofs to that effect in Interference 72,090, post 9.

disclosed in the Peik application S. N. 685,025 (described post 28; E. B. 1x).

He, with his associates Bird and Schultz, entered into a joint venture with The Wean Engineering Company which contemplated the design, manufacture and marketing of a practical directional control blasting machine. In October, 1933, an order was obtained for two of such machines conditioned upon the successful operation thereof. Duplicate machines were completed as early as January, 1934, and an application for patent disclosing this machine was filed by Peik (and assigned to The Wean Engineering Company) on January 23, 1934, to take the place of the Peik application S. N. 685,025, which had been rejected by the Patent Office on October 14, 1933.

The substituted application issued as patent No. 1,953,566 to The Wean Engineering Company on April 3, 1934 (E. B. 16x-20x).

At least one of these machines was tested by the purchaser in the blasting room of its factory, under the supervision of its experts, and Peik and Wean, in March 1934. Because of fundamental infirmities, it failed and was scrapped. This marked finis to Peik's work and to the Peik machine.

About January 1935 American induced The Wean Engineering Company to sell its associates "down the river" and transfer to it the Peik inventions. Wean's *quid pro quo* was the right to sell to the steel industry American's "Wheelabrators".

On February 4, 1936 American commenced The Pittsburgh Suit.

On the same date it provoked Interference 72,090 between its corrupted Hollingsworth application S. N. 570,782, filed October 24, 1931, and the United States application of Grocholl S. N. 534,249, filed under the International Convention,

based on the application filed May 10, 1930 by Weber and Grocholl for German patent No. 539,056.

In Interference 72,090 American adduced proofs on the eve of the trial of *The Pittsburgh Suit*, which, according to its own representations to the Patent Office, established that as early as 1929 (more than 3 years prior to the earliest date ever asserted for Peik) Hollingsworth had in successful use in this country one, or more, directional control, centrifugal, blasting machines constituting "prior uses" to the Grocholl application. Priority of invention, in Interference 72,090, was in consequence awarded to Hollingsworth.

Thereafter, based upon these proofs and this award, American filed in the Patent Office a "Protest" to the issuance of any patent on the Grocholl application.

The effect of these proceedings—(a) corruption of the Hollingsworth application; (b) declaration of interference 72,090; (c) proceedings therein; and (d) American's protest—was to so delay the issuance of a patent on the Grocholl application that no patent granted thereon was ever available in *The Pittsburgh Suit* for establishing prior invention.⁴ Had such patent been available, it would have shown, as the present Grocholl patent, granted on the same application, now does, that Peik was not the first inventor of a directional control, centrifugal, blasting machine.

This fact, according to American's own contention in Interference 72,090, was established by the proofs in that interference of the Hollingsworth "prior uses".

American in *The Pittsburgh Suit* concealed from the Courts the knowledge it had of the United States Grocholl application and the date to which it was entitled under the

⁴ Patent No. 2,224,647 (E.B. 2x-10x) which was issued December 10, 1940 to Grocholl, both discloses and claims (claim 4) one type of directional control, centrifugal, blasting machine, having an effective date antedating the earliest date ever asserted for Peik.

International Convention, and its virtual suppression, or at least critical delay in the issuance, of a patent on this application. It also concealed the knowledge it had of the 1929 Hollingsworth "prior uses" and the many representations it had made to the Patent Office that Hollingsworth was the first inventor of the directional control, centrifugal, blasting machine.

American's proofs and arguments in The Pittsburgh Suit regarding Peik's pioneership are antithetical to the proofs and representations American made in the Patent Office, particularly in Interference 72,090. These proofs and representations estop American from denying that Peik trailed both Hollingsworth and Grocholl.

Thus by fraud and deceit American succeeded in having accorded to its Peik patent, for a machine of no practical worth, a sweeping scope; limited only by the function, or effect, of directional control.

Indeed it is apparent from the opinion of the Court of Appeals in The Pittsburgh Case that it made no comparison between claim 16 of the Peik patent (that selected as typical) and the "RA Rotoblast," for ascertaining whether the latter exhibited the same number of elements as the claim requires, or elements substantially identical in structure and function.

For further fortifying its patent position, after it learned that the "RA Rotoblast" was being sold in substantial quantities, American, in carrying out its original scheme or plan of monopolizing this important tool of industry, sought to obtain a species patent which would dominate the multi-vane impeller having an axial unimpeded passageway which had proven to be a *sine qua non* of the "RA Rotoblast". It did this by filing a petition to revive the Peik application S. N. 685,025, which had been intentionally abandoned, and supporting the petition with a false and fraudulent show-

ing. It almost succeeded in this undertaking. It might have, save for the view publicly expressed by former Commissioner of Patents Casper W. Ooms (the predecessor of the present incumbent of that high office) in an address to the American Bar Association at its annual convention in Atlantic City on October 26, 1946, and his decision in *Ex parte Mallard*, 71 USPQ 294; and the decision on July 19, 1948 of the present Commissioner of Patents (R. 398).

Had American succeeded in connection with the Peik application 685,025 it would have had a Peik patent with a sweeping scope and in addition might well have obtained a species patent to dominate the RA Rotoblast and with a life extending far beyond the date of expiration of the Peik patent 1,953,566.

The rulings adverse to Pangborn by the Court of Appeals in its judgment of September 28, 1948 are in effect that Pangborn's pleadings do not state a claim which, if established by proof, would entitle it to relief; that the denial of its motion of May 15, 1944 (R. 196a-203a) by the District Court's decree of May 15, 1947 (R. 364a) should be affirmed; and that on remand of the cause an order should be made striking out Pangborn's answer ⁵ filed January 6, 1948 (R. 370a-391a).

⁵ This is not an answer to a pleading "which the Court below did not allow American to file." This answer was filed, by leave of Court. It is a response to an amendment and supplement to defendant's counterclaim lodged in the office of the District Court on August 13, 1946, the case then being in the Court of Appeals. The opinion of September 28, 1948 of the Court of Appeals says:

"We will treat the amendment and supplement to the counterclaim, as did the court below, as having been properly filed on the day stated."

American also by *motion* of January 3, 1947 submitted a proposed amendment for averring a declaratory judgment claim re Pangborn's patent No. 2,352,588. The *motion* was denied by the District Court (R. 363a). The Court of Appeals affirmed. (R. 399-400.)

We submit that Pangborn's pleadings *sub judice* are:

(A) Amended complaint (R. 151a-195a).

(B) Answer to defendant's counterclaim (R. 142a-150a; see particularly R. 142a, 143a; paragraph (f) R. 144a; and section 7, R. 150a).

(C) Answer to amendment and supplement to defendant's counterclaim (R. 370a-391a).

Pangborn by a motion filed May 15, 1944 sought to amend its amended complaint. *Inter alia*, it averred the filing about September 1, 1934 by Hollingsworth, at the behest of American, of a second application for patent practically the same as the first application as filed, plus the disclosure of means for effecting directional control; that therein Hollingsworth averred that he was the original, first and sole inventor of the subject matter of the second application; that he (Hollingsworth) did not know and did not believe that such subject matter was ever known or used before his invention, or patented or described in any printed publication more than two years prior to the date of filing of his first application, or in public use in the United States more than two years prior to said date. The proposed amendment to the amended complaint also averred that American had aided and abetted Hollingsworth in the preparation and filing of the oath of this application.

It further averred that Pangborn had no knowledge of this second Hollingsworth application prior to September 1, 1943, when it was disclosed in an exhibit forming a part of an affidavit of Austin, executed on that date, and filed in the case at bar.

The disclosure in the amendment of February 3, 1933 in the first Hollingsworth application (constituting "conception"), coupled with the second Hollingsworth application (constituting "reduction to practice") establish completion

of the act of invention of a directional control, centrifugal, blasting machine antedating the invention ascribed in The Pittsburgh Suit to the Peik patent.

Although repeatedly called to his attention, the District Court of Delaware did not dispose of the motion of May 15, 1944 until May 27, 1947, when he denied it *nunc pro tunc* as of May 15, 1947 (R. 364a).

The opinion and judgment of the Court of Appeals here sought to be reviewed and reversed contains no statement indicating a realization that petitioner was asserting a claim bottomed on corruption by American, in the Patent Office, of the Hollingsworth application, and the delaying of the issuance of a patent on the United States Grocholl application S.N. 534,249 (virtually making away with evidence) by involving the latter application in Interference 72,090 with said corrupted Hollingsworth application; adducing proofs in said interference of "prior uses" of directional control blasting machines in the United States as early as 1929 by Hollingsworth, and antithetical proofs and representations made by American in the Courts in "The Pittsburgh Suit," constituting the perpetration of fraud and deceit in said Courts; resulting in the tainted decree of the District Court and the tainted judgment of the Court of Appeals.

Questions Involved

(1) Have the pleadings *sub judice*, averring a claim bottomed on fraud perpetrated in the Patent Office by American in obtaining the revival of an abandoned patent application, and a claim bottomed on fraud perpetrated in an ordinary patent suit by American in obtaining a decree finding the patent declared on valid and infringed, and an affirming judgment, become obsolete because the decision of the Commissioner of Patents (R. 398) has practically made moot the first claim?

(2) In an ordinary patent suit brought by American against Pangborn a decree having been made and affirmed by the Court of Appeals holding the patent declared on valid and infringed on American's proofs and argument that a claim selected as typical of those in suit is for a pioneer invention; whether there should be dismissed, on the ground that its pleadings fail to state a cause of action, a second suit brought by Pangborn against American, in a different federal court having judisdiction of the latter, said second suit averring a claim based on grounds, *inter alia*, that American's proofs and arguments aforesaid in the first suit were false and fraudulent and antithetical to proofs and representations made by American in the Patent Office for preventing, and which did critically delay, the issuance of a third-party patent which would otherwise have *per se* established invalidity, or non-pioneership, of the patent declared on; said Patent Office proceedings including proofs and arguments that another assignor of American had the asserted pioneer invention in public use in this country long prior to the earliest date of invention asserted for the patent declared on in the first suit; said second suit praying for relief from an injunction issued in the first suit, for restitution of royalties paid by reason thereof, and the decree and judgment thereon, and for damages otherwise arising from the decree and judgment.

(3) Do the pleadings in the second suit aforesaid fail to state a claim; they averring, *inter alia*, that American corrupted its application for patent, induced the Patent Office to declare an interference between it and a third-party application, the latter having an effective date of invention prior to that of the patent declared upon in the first suit, and in the interference adduced proofs and made representations for establishing a date of invention for the corrupted application antedating that of the third-party application, thereby obtaining a priority award in the interfer-

ence, and thereafter filing a Protest to the issuance of any patent on the third-party application, resulting in such delay in the issuance of a patent thereon that it was not available as a prior invention item in the patent suit; and said pleadings praying for relief from the injunctive order issued pursuant to the decree and for restitution and for exemplary damages.

(4) Has the Court in the second suit, in the exercise of its equitable power, authority to afford Pangborn relief from the tainted decree in the first suit by an order enjoining the enforcement of the injunctive order made therein, and to accord Pangborn restitution of all royalties or other payments made pursuant to the decree in the first suit, and damages?

(5) Assuming the Commissioner of Patents has gone to the full extent of his authority and power in according Pangborn relief from the fraud and deceit practiced by American in connection with the revival of the Peik application S. N. 685,025,—does that prevent the District Court for the Dis-

(6) Whether the denial of Pangborn's motion of May 15, 1944 was untenable, contrary to custom, and to the express provision of Rule 15(a), R.C.P.

Reasons Relied On for the Allowance of the Writ

Exercise of the power of this Court to grant the writ of certiorari prayed is sought on grounds as follows:

(1) Because the holding by the Court of Appeals that Pangborn's pleadings prior to the attempted amendment (motion filed May 15, 1944, R. 196a) state no controversy cognizable in the District Court of Delaware, is untenable and in conflict with the applicable decisions of this Court.

(2) Because the holding of the Court of Appeals that petitioner's pleadings and attempted pleadings are now ob-

solete because of the decision of the Commissioner of Patents of July 19, 1948, finding that respondent had perpetrated fraud in obtaining the order reviving the Peik application S. N. 685,025, vacating the order, dissolving the revived application out of interferences in which it was then involved, and holding it to be abandoned, is untenable, and states an important question of federal law which has not been but which should be decided by this Court.

(3) Because the statement of the Court of Appeals is untenable that petitioner still seeks to have the District Court of Delaware perform the functions of the Patent Office.

(4) Because the statement of the Court of Appeals is untenable in its opinion of September 28, 1948 that petitioner seeks to have set aside the decree of the District Court in "The Pittsburgh Suit." Petitioner's action is against a former suitor in that Court and not against the Court.

(5) Because the Court of Appeals' affirmance of the denial of petitioner's motion of May 15, 1944 for leave to amend its amended complaint is untenable, contrary to established custom and practice and in contravention of the express provisions of Rule 15(a), R. C. P.

(6) Because of the remand of the cause to the end that the District Court may make an order striking out Pangborn's answer filed January 6, 1948 (R. 370a), which it was permitted to file (if that is the answer referred to in the concluding paragraph of the decision of the Court of Appeals) (R. 400).

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Respondent

BRIEF IN SUPPORT OF PETITION

As pointed out, after American learned of the species of directional control, centrifugal, blasting machine disclosed in the Weber and Grocholl German patent No. 539,056, it did the following:

- (1) Planned to monopolize the manufacture, use and sale of such machines in the United States by patents.
- (2) Acquired the Hollingsworth application S. N. 570,782, filed October 24, 1931.
- (3) Corrupted this application by interpolating therein a description and illustration of means for effecting directional control of the abrasive stream.

(4) Provoked Interference 72,090 between the corrupted application and the United States application for patent of Grocholl, S. N. 534,249, filed May 1, 1931, having an International Convention date of May 10, 1930, and disclosing the same species of directional control blasting machine as that disclosed in the Weber and Grocholl German patent.

(5) Repeatedly contended in the prosecution of the Hollingsworth application that Hollingsworth was not only the first inventor of a directional control blasting machine, but in fact the inventor of such machines as the species then on the market, namely, American's "Wheelabrator" and Pangborn's "RA Rotoblast."

(6) Adduced proofs in Interference 72,090 and in the Patent Office asserted that they established that as early as 1929 Hollingsworth had, in this country, one or more directional control blasting machines in successful use, constituting "prior uses" to Grocholl's Convention date (May 10, 1930),¹ *a fortiori* earlier than Peik's inventions, which proofs induced the Patent Office to award to Hollingsworth priority of invention in Interference 72,090.

(7) Thereby, and by a subsequent "Protest" based on the proofs and the priority award, delayed the grant of a patent on the Grocholl application beyond the date of the judgment of the Court of Appeals in "The Pittsburgh Suit".

(8) Concealed from the Courts in "The Pittsburgh Suit" all knowledge of Interference 72,090 and the facts aforesaid occurring therein, and stemming therefrom.

The proofs and representations made by American in the Patent Office are antithetical to those which it made

¹ Complete refutation, if true, of findings by the courts in "The Pittsburgh Suit" that Peik was the first inventor.

in "The Pittsburgh Suit". In "The Pittsburgh Suit" the Courts found that the Peik patent No. 1,953,566 is valid, and that the accused structure (the "RA Rotoblast") infringed claim 16 thereof (the claim selected as typical of those in suit) "for it embodies the fundamental concept of the Peik patent, namely, directional control."

Civil Action 193, brought by Pangborn in the District Court of Delaware, wherein American is incorporated, averred, *inter alia*, in its jurisdictional paragraph that the matter in controversy exceeded the sum of \$3,000.00, excluding costs.

The pleadings aver as one claim upon which, if established by proofs, the Court should grant relief, that the decree and judgment in "The Pittsburgh Suit" were obtained by knowingly false proofs and representations made by American, antithetical to those made in the Patent Office leading to the declaration of, and the judgment of priority in, Interference 72,090, *Hollingsworth v. Grocholl*; that by said proofs and representations and judgment in this interference, and the subsequent Protest filed by American to the grant of any patent on the Grocholl United States application, the grant of the Grocholl patent No. 2,224,647 was delayed beyond the date of the judgment aforesaid of the Court of Appeals in "The Pittsburgh Suit", so that a United States Grocholl patent was not available, as it might well otherwise have been, for establishing a date of invention by another prior to the earliest date of invention asserted for Peik. The prayer for relief bottomed on the claim aforesaid was for an order enjoining American from the further use of the decree, or judgment, obtained in "The Pittsburgh Suit", against Pangborn, or anyone in privity with it; for the restitution by American of all

amounts it had received from Pangborn stemming from such decree, or judgment; and for the damages incurred by Pangborn arising out of such decree, or judgment and for an appropriate increase thereof.

Pangborn's pleadings in Civil Action 193 further averred a claim for an injunctive order² and for damages substantially as aforesaid arising out of American's fraud and deceit perpetrated in the Patent Office, whereby it induced the latter tribunal to revive the Peik application S. N. 685,025, which American had intentionally abandoned after it had filed, to take its place, the application which matured in the Peik patent No. 1,953,566, and induced the Patent Office in Interference 71,085 to permit it to substitute for its Hammell application the tainted Peik application.

In view of the foregoing, Pangborn was compelled, at large expense, to contest the re-formed interference, and was in consequence delayed in obtaining a patent on its Rosenberger and Keefer invention for a period of practically five years, during which American was able to use such invention and did use such invention (incorporated in its Wheelabrator) without liability for patent infringement, and Pangborn was also compelled to contest (until the decision of the Commissioner of Patents of July 19, 1948) Interferences 74,841 and 75,177.

Although as early as November 30, 1936 the attention of the Patent Office was called to the tainted revival of the Peik abandoned application, and objection made to its substitution by American in Interference 71,085 for its Hammell application, the Patent Office then and repeatedly thereafter held that having revived the application it was

² Now moot, because of the decision of July 19, 1948 of the Commissioner of Patents, holding that the Peik application S. N. 685,025 had been revived by fraud and deceit, dissolving it out of Interferences 74,841 and 75,177, and holding it abandoned.

impotent to kill it so long as it was in an interference, however conclusively Pangborn's petition might establish that the application had been revived by fraud and deceit; and a change in the policy of the Patent Office did not occur until the administration of Commissioner of Patents Mr. Casper W. Ooms.³

The action of the Patent Office regarding Pangborn's charge of fraud and deceit and requiring that the contests in Interferences 71,085, 74,841 and 75,177 be continued, we submit, was contrary to the views of this Court as expressed in *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, 322 U. S. 238; *Precision Instrument Mfg. Co. v. Automotive Maintenance Machinery Co.*, 324 U. S. 806; and *Universal Oil Products Co. v. Root Refining Co.*, 328 U. S. 575; by the Patent Office in *Ex Parte Mallard*, 71 USPQ 294; by the Court of Appeals for the Fourth Circuit in *Mas v. Coca-Cola Co.*, 163 Fed. 2d 505; and by the specially designated Court of Appeals for the Third Circuit in *Root Refining Co. v. Universal Oil Products Co.*, 78 USPQ 95.

We submit that the District Court of Delaware, and the Court of Appeals for the Third Circuit on appeal from the decree of the District Court of Delaware, had the power to afford Pangborn relief upon the claims recited in its pleadings in Civil Action 193. (*Marshall v. Holmes*, 141 U. S. 589; *Steelman v. All Continent Corp.*, 301 U. S. 278, 291; *Oliver v. City of Shattuck*, 157 Fed. 2d 150.)

The circumstance that the District Court for the Western District of Pennsylvania denied the petition for rehearing in "The Pittsburgh Suit" (41 F. S. 841), from which there was no appeal, should not deter relief being granted Pangborn in Civil Action 193 brought against a "suitor" which

³ Announced in the address of Mr. Commissioner Ooms at the October 26, 1946 meeting of the American Bar Association. Cf. *Ex Parte Mallard*, 71 USPQ 294.

had perpetrated corruption, fraud and deceit on the Patent Office and in the Courts.

True, following the denial of the petition for rehearing by the District Court for the Western District of Pennsylvania aforesaid, Pangborn by economic duress, was impelled to "crook the pregnant hinges of the knee" and make a settlement with American.

But public policy forbids that such a settlement should be taken as an acquiescence in American's fraudulent conduct. The situation is little different from that covered by the statement of the Chief Judge of the Court of Appeals for the Third Circuit in the *Hazel-Atlas* case (137 Fed. 2d 764).

In any event, any dereliction on the part of Pangborn in the continuation of its efforts to obtain adequate recognition of the corruption, fraud and deceit perpetrated by American in the Patent Office and in the Courts in carrying into effect its scheme to monopolize the manufacture, use and sale of directional control, centrifugal, blasting machine, should not deter this Court from affording the public relief and vindicating the integrity of the Patent Office and judicial tribunals. As stated by the specially designated Court of Appeals for the Third Circuit in *Root Refining Co. v. Universal Oil Products Co.*, 78 USPQ 95, 1 c. 101:

"The matter is not one of merely private concern subject to the action or inaction of the litigants, but is one of vast public importance, so that it becomes immaterial that the injured party may have been derelict in bringing the fault to the Court's attention."

Quoting from *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, the Court said:

"It is a wrong against the institutions set up to protect and safeguard the public, institutions in which fraud cannot complacently be tolerated consistently with the good order of society. Surely it cannot be that

preservation of the integrity of the judicial process must always wait upon the diligence of litigants. The public welfare demands that the agencies of public justice be not so impotent that they must always be mute and helpless victims of deception and fraud.' "

It further said :

"The power inheres in the appellate as well as in the trial court and the former may vacate its own judgment and direct the vacation of a decree of the latter entered pursuant to the mandate of the former. In discussing this question and rejecting the argument that although the Courts of Appeals have power to permit the trial courts to review a judgment attacked for fraud in a case which the appellate court has reviewed, the appellate court may not review the judgment itself after the expiration of the term, the Supreme Court said * * * :

" 'Equitable relief against fraudulent judgments is not of statutory creation. It is a judicially devised remedy fashioned to relieve hardships which, from time to time, arise from a hard and fast adherence to another court-made rule, the general rule that judgments should not be disturbed after the term of their entry has expired. Created to avert the evils of archaic rigidity, this equitable procedure has always been characterized by flexibility which enables it to meet new situations which demand equitable intervention, and to accord all the relief necessary to correct the particular injustices involved in these situations. * * * We hold, therefore, that the Circuit Court on the record here presented had both the duty and the power to vacate its own judgment and to give the District Court appropriate directions.' "

In the case *sub judice*, it would appear that the Court of Appeals completely ignored the averment in the pleadings that by fraud and deceit perpetrated in the District

Court and in the Court of Appeals itself, the latter in "The Pittsburgh Suit" was induced to reach a conclusion that the Peik patent is valid, and pioneer in scope, antithetical to American's representations and proofs in the Patent Office leading to the declaration of, and judgment in, Interference 72,090.

In the Court of Appeals' opinion of September 28, 1948 (R. 392), no reference whatsoever is made to this fraud and deceit. The Court apparently focused its attention entirely upon the fraud and deceit perpetrated in the revival of the Peik application S. N. 685,025, of which it had made light in its opinion of August 12, 1946 (R. 312a). This, as Pangborn called to the attention of the Court of Appeals prior to said opinion, had become moot, at least as to the injunctive order sought, by reason of the decision of the Commissioner of Patents of July 19, 1948.

The present Commissioner of Patents investigated the fraud charge and sustained it and thereupon vacated the order reviving the Peik application S. N. 685,025, dissolved it out of the interferences in which it was then involved, and held that it is abandoned. Pangborn promptly informed the Court of Appeals thereof and suggested that it made moot this question of fraud.

In its opinion of the date last given (R. 392) there is no indication that the Court of Appeals recognized that Pangborn was asserting that the decision of the Courts in "The Pittsburgh Suit," and particularly the scope which said Court of Appeals itself gave to the Peik patent No. 1,953,566 (*supra*, p. 4), was due to fraud and deceit, including proofs and representations made in both Courts antithetical to its proofs and representations made in the Patent Office regarding the Hollingsworth invention and the "prior uses" thereof in 1929, and American's procedure in the Patent Office whereby it so delayed the issuance of a patent on the Grocholl application that such a patent was not avail-

able in "The Pittsburgh Suit" for establishing that Peik was not a pioneer inventor.

We submit that American is estopped to deny the verity of its own representations and proofs made in the Patent Office. In Interference 72,090, American adduced proofs on the eve of the trial of "The Pittsburgh Suit" and represented that they established that as early as 1929 Hollingsworth had in successful public use in this country one or more directional control, centrifugal, blasting machines, constituting "prior uses" to the Grocholl application, which in said interference was conclusively entitled to a date of invention as early as May 10, 1930. The issue of that interference recited one species of directional control, centrifugal, blasting machine. That being true, on what possible theory could Peik, who did not enter the field until March 7, 1933, be the first inventor of a directional control blasting machine, or his patent be infringed on the basis that it is for a pioneer invention?

We submit that the Court of Appeals is in error in its statement that Pangborn by its complaint as amended is still seeking "to have the District Court of Delaware perform the functions of the Patent Office," if it ever sought this. As stated, Pangborn called the Court of Appeals' attention to the decision of the Commissioner of Patents of July 19, 1948 (R. 398) before the September 28, 1948, decision. No attempt was made to set aside the decree and judgment in "The Pittsburgh Suit." The action brought was against a "suitor" and not against the Court. It was the "suitor" which by fraud and deceit had induced the Court to make a tainted decree and tainted judgment. Relief was sought only from the suitor. This course was, we submit, sanctioned by Circuit Judge Goodrich in denying American's motion to dismiss (R. 94a-95a; citing *Steelman v. All-Continent Corp.*, 301 U. S. 278).

The Court of Appeals in the case *sub judice* says (R. 399) that "the Commissioner of Patents has now gone far toward granting the relief which Pangborn sought to obtain by its amended complaint." We would make a stronger statement—that the Commissioner of Patents by his decision of July 19, 1948 has gone as far toward granting the relief which Pangborn sought to obtain as his power and jurisdiction would permit.

The Court of Appeals suggests (R. 399) that Pangborn may by following an appropriate course "obtain the relief which it desires." This would be relief from American from the fraud it perpetrated in "The Pittsburgh Suit." It is, we submit, properly obtainable in the action *sub judice*. It might also be obtainable by "an independent action" brought pursuant to Rule 60(b)(3), R. C. P. But the latter apparently would substantially be a duplicate of the action *sub judice*, and there would seem to be no occasion why Pangborn should be put to further delay and expense which such "independent action" would cause.

We therefore submit the decision of the Court of Appeals should be reversed on points as follows:

- (1) To the extent that it dismissed Pangborn's pleadings;
- (2) Its affirmance of the District Court's order of May 27, 1947 denying *nunc pro tunc* as of May 15, 1947 Pangborn's motion to amend filed May 15, 1944; and
- (3) Its direction that the District Court strike Pangborn's answer filed January 6, 1948 (R. 370a-391a).

The proofs and representations made by American in the Patent Office, and particularly in Interference 72,090, antithetical to American's proofs and representations made in "The Pittsburgh Suit," are averred particularly in paragraphs 18 to 20, inclusive, of the amended complaint (R. 180a-189a).

They are also averred in Pangborn's answer filed August 23, 1943 (particularly R. 142a-143a; paragraph (f), R. 144a; and section 7, R. 150a).

They are also averred in Pangborn's answer filed January 6, 1948 (R. 370a-391a).

Respectfully submitted,

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APPENDIX*Machine of Peik Application S. N. 685,025.*

The salient features of this machine are disclosed in a transverse section of the rotor (E. B. 1x). The machine structurally and functionally is radically different from both the "Wheelabrator" and the "RA Rotoblast."

The machine comprises three essential parts as follows: (1) a gravity feed sand supply; (2) a rotor; and (3) an interposed, coaxial, transfer mechanism.

The *rotor* comprises side plates and four large sectors 13, filling the entire space between the plates, less four narrow, pipe-like passages 18, each having a rearwardly and outwardly curved portion and a radial portion with long, parallel walls. Each segment 13 has a long, arcuate, inner wall concentric with and in juxtaposition to the periphery of the shell 24 of the transfer mechanism.

The arcuate walls of the sectors 13, as they pass the single discharge opening 45, through the wall of shell 24, block the egress of abrasive therefrom. The blocked sand lodges in the narrow passages between the arcuate walls and the contiguous periphery of the shell 24 and by an attrition action rapidly destroys both. The sand passing through the radial portions of passages 18 ricochets from wall to wall of each passage and rapidly destroys the parallel walls.

The *gravity feed* comprises a sand supply and a vertical delivery pipe leading from the supply and discharging into one end of the shell 24 axially thereof.

The *transfer mechanism* comprises a cylindrical shell 24 normally stationary but adjustable about its axis. The shell has a single egress opening 45.

The transfer mechanism also includes a plurality of truncated, conoidal, "agitating lugs" 36, located in shell 24, which are carried by and rotate with the rotor.

This machine was never marketed.

Machine of Peik Patent No. 1,953,566.

This machine (E. B. 16x-20x) is radically different in construction from that of application S. N. 685,025. Instead of the large segments 13 of the latter, with long, arcuate,

inner ends, the machine of patent No. 1,953,566 comprises relatively narrow segments with knife-edge inner ends.

Between the contiguous walls of adjacent segments involute slots 26 are provided, terminating at their outer ends in short, flaring passages 28, having radial rear walls 29, faced with abrasive-resistant surfaces 30, such as tungsten carbide. As shown in Fig. 1 of the patent (E. B. 16x), the abrasive travels outwardly through the involute passages and discharges therefrom into collision with the rear wall of the associated flaring passage, as indicated by dotted line P. The force of the collision drives the abrasive in the direction of the arrow designated P¹ in Fig. 1 of the patent.

The abrasive flows from a suitable supply through a delivery spout 19 (E. B. 17x), which registers with a four-vane, solid-center impeller, which interferes the entrance of the abrasive and causes a part thereof to rebound toward the spout. The abrasive which enters the control sleeve 12 finds egress through outlet 23 into the inner ends of the passages 26 as they successively register with outlet 23.

This machine is not of the centrifugal type, but the walls 29 drive, or bat, the abrasive toward the article to be treated.

Tests of the machine developed two fatal infirmities: (1) the solid-center impeller so blocked the abrasive that but a trickle thereof could reach the involute passages 26; and (2) the abrasive which reached the batter walls 28 destroyed them in a period not to exceed twenty minutes.

The Practical Machines of the Parties.

American never made or marketed a Peik machine. Its "Wheelabrator" is the machine of the Hammell application S. N. 725,055, filed May 11, 1934. Practically a replica of the RA Rotoblast.

These machines have three main parts, substantially as follows:

(1) A rotor comprising a plurality of widely spaced apart, independent, thin, radial blades (E. B. 35x, 36x), each having a smooth, uninterrupted, propelling face of sufficient length to accelerate the abrasive smoothly and contin-

uously and without abrupt change in direction from the inner edge of the blade to its outer edge. In a standard size machine, about nineteen inches in diameter, the rotor is driven at a speed of approximately 2250 r.p.m., and will propel upwardly of 30,000 pounds of abrasive per hour.

(2) An abrasive supply including a discharge spout practically as designated 19 (E. B. 17x) and 21 (E. B. 27x).

(3) A transfer mechanism comprising a shell, or control ring (E. B. 35x, 36x), having a single peripheral egress opening, and a multi-vane impeller in the shell having an axial opening (E. B. 35x, 36x). The shell is designated 26, the egress opening 27, and the vanes 15, in Fig. 3 of patent No. 2,352,588 (E. B. 28x).

This patent discloses the "RA Rotoblast," in which the rotor comprises a disc 1, carried by a driving shaft 3. Projecting perpendicularly from one face of the disc, into free space, are four widely spaced apart, thin discs 10 (E. B. 27x, 28x).

In the operation of the "RA Rotoblast," as well as the "Wheelabrator," the abrasive discharging from the supply spout passes unobstructedly into and through the axial passage of the impeller and is propelled by the vanes of the latter through the egress opening of the shell, from which it travels in a stream outwardly in the free space into which the rotor blades project. The stream is not materially impeded by the blades because they are thin and widely separated from one another. In the rapid rotation of the rotor the inner marginal edges of their blades successively nip off and pick up the top of the abrasive stream. The slug so severed is by centrifugal force caused to travel outward lengthwise of the blade to glide from its outer edge at a velocity and in a direction which is the resultant of the momentum which it acquires in its travel with the blade (tangential force) and its momentum acquired in its movement lengthwise of the blade (centrifugal force).

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IN THE
Supreme Court of the United States

OCTOBER TERM, 1948

No. 480

PANGBORN CORPORATION,

Petitioner,

vs.

THE AMERICAN FOUNDRY EQUIPMENT
COMPANY,

Respondent

PETITIONER'S REPLY TO RESPONDENT'S BRIEF

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PETITIONER'S REPLY TO RESPONDENT'S BRIEF

Scope of the Petition

The petition is not limited to the amended complaint, as stated in American's brief.

Review and reversal are sought of all parts of the judgment adverse to Pangborn; *inter alia*, the affirmance of the District Court's order (R. 363a) dismissing the complaint as amended; the affirmance of the order (R. 364a) made by the District Court on May 27, 1947 dismissing Pangborn's motion of May 15, 1944 for leave to amend its amended complaint, accompanied by the proposed amendment; and the direction on remand (R. 400) to strike Pangborn's

answer¹ to American's paper which calls itself "Amendment and Supplement to Defendant's Counterclaim" (R. 316a).

Pangborn's Charges of Fraud

American's statement on this point is both inaccurate and involved.

Pangborn's charges are as follows:

(1) That American perpetrated fraud and deceit in the Patent Office in obtaining the revival of the abandoned Peik application S. N. 685,025.² The fraud enabled American, by means of Interference No. 71,085, to delay for about five years the issuance of a patent to Pangborn for the interference issue, and to use the subject matter thereof without patent infringement liability. It further enabled American to participate in Interferences Nos. 74,841 and 75,177. It further enabled American to use the tainted application as of trading value in the negotiation of the agreement of December 31, 1941.

The amount of Pangborn's recoverable loss and expenses incurred *due to this fraud* perpetrated in obtaining the revival aforesaid is not moot.

(2) That American, by maneuvers involving corruption and fraud, delayed the issuance of a patent on the Grocholl

¹ No answer was made to American's "attempted" (proposed) amendment which accompanied its motion filed January 3, 1947.

The Court of Appeals identifies American's "attempted" amendment in the penultimate paragraph of its opinion (R. 399) as follows:

"By the attempted amendment and supplement to its counterclaim as amended (that is to say, by the last pleading attempted to be filed by American) • • •."

The motion of January 3, 1947 having been denied, there was no occasion to answer or otherwise notice the proposed amendment and supplement which accompanied the motion.

² Commissioner's decision of July 19, 1948 (R. 398).

application³ until after the judgment of the Court of Appeals affirming the District Court in "The Pittsburgh Suit," said maneuvers being as follows:

(a) Acquisition of the Hollingsworth application S. N. 570,782 and its corruption;

(b) Provocation of Interference No. 72,090 between said application and the Grocholl United States application S. N. 534,249;

(c) Adducing proofs on the eve of the trial in "The Pittsburgh Suit," which proofs American asserted, in the Patent Office, established one or more successful uses of the Hollingsworth directional control, centrifugal, blasting machine as early as 1929, constituting "prior uses"⁴ to Grocholl; resulting in an award adverse to Grocholl and subsequent rejection of his application; and

(d) Filing a Protest, based on said award and said "prior uses," to the grant of any patent on the Grocholl application.

The delay aforesaid constituted, in effect, the making away by American with evidence which otherwise would have been available to Pangborn for establishing invention by Grocholl prior to Peik.⁵

(3) That American concealed from the Courts in "The Pittsburgh Suit" the Hollingsworth 1929 "prior uses" aforesaid.

³ Patent No. 2,224,647 (E.B. 2x) disclosing and claiming a directional control, centrifugal, blasting machine was ultimately issued on this application, over nine years after its date of filing. The Peik patent No. 1,953,566 was issued less than three months after the date of filing of the application therefor.

⁴ The same "prior uses" antedated Peik's advent by more than three years.

⁵ Now belatedly but conclusively established by the effective date of the Grocholl patent No. 2,224,647.

(4) That American in "The Pittsburgh Suit" adduced proofs and made representations antithetical to its proofs and representations in the Patent Office in Interference No. 72,090; its proofs and representations in "The Pittsburgh Suit" being as follows:

(a) That the Hollingsworth machine was a failure because, *inter alia*, it required a *shroud* about the rotor; and

(b) That it was abandoned and succeeded by Peik, which was a commercial success.

Only two of the Peik machines were ever sold; both on a single conditional order. Because of fatal infirmities developed in ephemeral tests, they were scrapped.

On the Fraud Question, This Is "A Page of History Is Worth a Volume of Logic" Case

In the Patent Office, in the prosecution of the Hollingsworth application S. N. 570,782, American contended that Hollingsworth was the first inventor of a directional control, centrifugal, blasting machine. In Interference No. 72,090 it adduced proofs which it asserted established that Hollingsworth had successfully used in this country one or more directional control, centrifugal, blasting machines as early as 1929, which constituted "prior uses" to the Grocholl application, which in the interference was conclusively entitled, as its date of invention, to May 10, 1930; years prior to Peik's advent.

In "The Pittsburgh Suit" American took proofs for establishing, and argued, that the Hollingsworth machine was a failure.

At the date of the opinion of the Court of Appeals, the proofs and arguments by American in Interference No. 72,090 were unknown to it. They did not become public

until after the Grocholl patent issued on December 10, 1940. American cannot be heard to deny the verity of its evidence and representations in the interference.

The antithetical proofs and arguments by American regarding the Hollingsworth machine are sufficient in and of themselves to establish the fraud charged by Pangborn.

Had the issuance of the patent on the Grocholl application not been delayed it would have been available to Pangborn for antedating Peik. *Today* the effective date of the *patent which ultimately issued on the United States Grocholl application (E.B. 2x) antedates Peik*. It illustrates (Figs. 8 and 9), describes in its specification, and claims in its claims (4 and 10), a directional control, centrifugal, blasting machine.

Had American not concealed in "The Pittsburgh Suit" its representations and proofs in Interference No. 72,090 regarding Hollingsworth's 1929 "prior uses," the latter would have defeated Peik.

The claim based on these frauds is clearly set forth in the final paragraph of section 18 of the amended complaint (R. 186a). Indeed the fraud is set forth in the whole of sections 18 to 20, inclusive (R. 180a-189a), with an averment of damage to Pangborn by reason thereof in excess of \$700,000.00.

American never filed an answer to the amended complaint, as required by Rule 15(a), F.R.C.P.

The visit of Grocholl to the Pangborn plant in September 1934, recited at p. 6 of American's brief, is of no importance, if true. At that date Grocholl did not have a United States patent, and his machine is not comparable in efficiency, or productivity, to the "RA Rotoblast" which Pangborn exhibited to the Foundry Industry in October 1934.

The fact that Pangborn may have had in August 1935 copies of both the Grocholl and Hollingsworth applications is of no importance, if true. At that date Pangborn's "RA Rotoblast" was a success on the American market, and so far as any evidence shows to the contrary neither the Grocholl machine nor the Hollingsworth machine was ever sold in competition therewith.

American admits that both the corrupted Hollingsworth application and a later filed Hollingsworth application have been abandoned (brief, bottom p. 6). The accompanying statement is naive that the Commissioner of Patents restored the Peik application "to the abandoned files."

We admit the statement on p. 6 of American's brief that the Court of Appeals said in its final opinion that the amended complaint states "no controversy cognizable in the District Court of Delaware."

It is believed that Pangborn has correctly invoked the equitable power of the District Court of Delaware (1) to enjoin American from the further use of the injunctive order it obtained by corruption and fraud in "The Pittsburgh Suit"; and (2) to require American (a) to make restitution of the sum of \$450,000.00 which Pangborn paid American in settlement of its claims to and including December 31, 1941; (b) plus an amount equal to all royalty payments made by Pangborn to American; (c) in addition a sum covering the damages which Pangborn has sustained by reason of the revival by fraud of the abandoned Peik application S. N. 685,025 and the use of that application in Interferences Nos. 71,085, 74,841 and 75,177; (d) as well as all expenses which Pangborn incurred by reason of the fraud practiced in "The Pittsburgh Suit" and the fraud practiced in connection with abandoned application S. N. 685,025; and (e) for an accounting. (See quotation in

Root Refining Co. v. Universal Oil Products Co., 169 Fed. 2d 514, from *Hazel-Atlas Glass Co. v. Hartford-Empire Co.*, on "equitable relief against fraudulent judgments.")

Conclusion

It is plain from the foregoing that the decision of the Court of Appeals sought to be reviewed and reversed is untenable and in conflict with the applicable decisions of this Court in many, if not all, of the particulars set out in the petition under the heading "Reasons Relied on for the Allowance of the Writ" (p. 15).

Repeated decisions of this Court have made plain that the perpetration of fraud in attempting to obtain a patent, or maintain a patent, or have its claims unduly expanded, is a question of *paramount public interest*, and therefore it would seem manifest that Pangborn was acting in the public interest when it succeeded, after a long and hard-fought contest, in obtaining the finding of the Commissioner of Patents that American was endeavoring in his bureau, by fraud, to obtain a patent to which it was not entitled, had participated in a long-fought interference in which it should not have been made a party, and was then in two other interferences in which it had no place; and that Pangborn is also acting in the public interest in its effort to expose the corruption and fraud which American practiced in "The Pittsburgh Suit," by which it induced the Court of Appeals to ascribe to the Peik patent the status stated on p. 4 of the petition, notwithstanding American itself well knew, as was disclosed in Interference No. 72,090 and the proceedings therein in which it had participated, that Peik at best trailed both Grocholl and Hollingsworth in respect to the inventorship of the directional control, centrifugal, blasting machine, and particularly in respect to the subject

matter which the Court of Appeals in "The Pittsburgh Suit" ascribed to Peik.

Respectfully submitted,

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(813)

IN THE
Supreme Court of the United States

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PANGBORN CORPORATION,

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against

THE AMERICAN FOUNDRY EQUIPMENT
COMPANY,

Respondent.

**BRIEF FOR THE AMERICAN FOUNDRY EQUIPMENT
COMPANY IN OPPOSITION**

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January 27, 1949.

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No. 480

**BRIEF FOR THE AMERICAN FOUNDRY EQUIPMENT
COMPANY IN OPPOSITION**

**The only question properly presented is whether Pangborn's
amended complaint states a valid claim.**

Pangborn seeks a writ of certiorari to review a judgment of the Court of Appeals for the Third Circuit (R. 400), dismissing Pangborn's amended complaint* for

*In stating the question presented, both in its "Summary Statement" and in its "Questions Involved", Pangborn refers to its "pleadings". The courts below, however, refused, in the exercise of the discretion accorded them by Rule 15(a) F. R. C. P., to permit further amendment of the amended complaint (R. 364a). Hence the sufficiency of the amended complaint, as attempted to be further amended, was not and is not in issue. In its petition, nevertheless, Pangborn assumes the contrary, or treats the matter ambiguously by employing the term "pleadings". Apparently Pangborn even includes among its "pleadings" what it calls an answer (R. 370a-391a) to American's amended and supplemented counterclaim which was dismissed. Manifestly allegations in an answer (properly a reply) cannot remedy defects in a complaint.

failure to state a claim entitling Pangborn to relief (Pet., p. 2, para. 1; p. 11, last para.).

The amended complaint makes two charges of fraud against American, to wit, that American: (1) fraudulently obtained the revival in the Patent Office of an abandoned application, filed by one Peik on August 14, 1933, for an invention relating to a centrifugal blasting machine (R. 151a-166a); (2) acquired from one Hollingsworth his rights in another invention relating to a different type of centrifugal blasting machine, and prosecuted Patent Office applications based thereon, as well as an interference proceeding with the application of one Grocholl, in an improper and fraudulent manner (R. 166a-189a).

The amended complaint further alleges that on April 3, 1934, before the first Peik application became abandoned, a patent issued upon a subsequent application filed by Peik for a centrifugal blasing machine* (R. 153a, 155a), and that the courts held (*American Foundry Equipment Co. v. Pittsburgh Forgings Co. and Pangborn Corporation*, 67 Fed. Supp. 911; aff'd 102 Fed. 2d 964) this Peik Patent, owned by American, to be valid and infringed by a Pangborn machine (R. 155a). As appears from Pangborn's present petition (pp. 4-5, 21-22), this Court denied certiorari (308 U. S. 566), and thereafter the District Court denied a petition for leave to file a complaint, based on fraud, in the nature of a bill of review and for a re-hearing (41 Fed. Supp. 841), whereupon Pangborn settled with American because of what Pangborn calls the compulsion of "economic duress" (Pet., p. 22).

*Obviously, therefore, the validity of this Peik Patent could not possibly be affected by anything which may have occurred in the proceedings for the revival of the first Peik application a year later.

The relief prayed for in Pangborn's amended complaint was as follows (R. 193a-195a): (1) that American be required to restore the first Peik application, which had been revived, to its former abandoned status, and that American be enjoined from prosecuting any interference based thereon; (2) that it be decreed that American's intent in obtaining such revival was to monopolize in contravention the Sherman Act, and that Pangborn be awarded triple damages by reason thereof; (3) that certain matter, claimed to have been improperly interpolated in one of the Hollingsworth applications, be eliminated therefrom, and that American be enjoined from prosecuting such application as thus amended; (4) that Pangborn be awarded triple damages under the Sherman Act by reason of American's actions in the Patent Office in prosecuting two Hollingsworth applications and American's procurement of the infringement decree in the Pittsburgh suit.

From the foregoing it distinctly appears that the relief relied on in "Questions Involved" numbered "(4)" and "(5)" (Pet., p. 15) was not prayed for in the amended complaint, and hence should be ignored in determining whether or not the amended complaint states a valid claim, *i.e.*, whether in addition to alleging a fraud which may now be considered by the courts, it alleges the invasion of some legal right of Pangborn (R. 102a; 28 *American Jurisprudence*, Injunctions, Sec. 282).

The charge of fraud in connection with the Peik revival is concededly moot.

Pangborn's petition for a writ states (p. 5) that the revival of the first Peik application was ordered on May 21, 1935, by Assistant Commissioner of Patents Frazer. Mr.

Frazer remained in the Patent Office until September 16, 1947, when he died (*Journal of the Patent Office Society*, 1947, Vol. 29, No. 12, p. 909). While he was alive and in the Patent Office, five successive applications over a period of ten years were made to predecessors of the present Commissioner to vacate the revival for fraud. All were denied, and in one of such decisions Assistant Commissioner Henry affirmatively found that there was no evidence of fraud in the revival (159 F. 2d, at pp. 99-100; R. 310a-311a). The sixth application, reciting no new evidence,* and with the evidence regarding the revival 13 years old, succeeded. The present Commissioner elected to disbelieve the affidavits of certain of American's witnesses, without finding that American had any knowledge of the falsity which he held to exist therein, and found that matters which he deemed to be material, but which American claims were immaterial, had not been submitted to Mr. Frazer.

Pangborn concedes that, by reason of the Commissioner's decision, the whole matter of the Peik revival is now moot (Pet., p. 13, last para, p. 20, p. 24).

The charge of fraud in connection with the Hollingsworth-Grocholl situation is barred by *Res Judicata*.

The only remaining charge of fraud in the amended complaint concerns the Hollingsworth-Grocholl situation. This was finally passed on adversely to Pangborn by the District Court in Pittsburgh (41 Fed. Supp. 841), and the same contentions were thereafter thrice rejected by the

*Patent Office Rule 147 provides: "Cases which have been decided by one Commissioner will not be reconsidered by his successor except in accordance with the principles which govern the granting of new trials."

courts below (R. 100a-102a, 159 Fed. 2nd 88, 170 Fed. 2nd 339).

After this Court denied certiorari in 1939 (308 U. S. 566) in the Pittsburgh infringement suit (from which denial Pangborn still attempts to appeal, Pet., pp. 3, 4, and 10), Pangborn sought by petition, on the ground of what it alleged to be newly-discovered evidence of fraud, to file a complaint in the nature of a bill to review and for a rehearing. The District Court for the Western District of Pennsylvania denied the petition (41 Fed. Supp. 841). In so doing it recited that the alleged newly-discovered evidence consisted of: (1) the Grocholl patent, issued December 10, 1940, with claimed effective date of May 1, 1931; and (2) the Hollingsworth "directional control" centrifugal blasting machine claimed to have been successfully used in 1929 and prior thereto. The Court held that the German counterpart of the Grocholl patent had been before it at the trial, that such patent had been pleaded in defendant's answer, that evidence in relation thereto had been offered and considered by the Court, and that when asked for its "best reference", Pangborn had not relied on the Grocholl patent but on other references. The District Court pointed out that the Court of Appeals had held that there was evidence to support the finding that neither Hollingsworth nor Grocholl had anticipated Peik. It further pointed out that Pangborn had deliberately abstained from pressing pending Letters Rogatory to examine witnesses in Germany relative to the Grocholl patent. It held that if the Grocholl U. S. patent had been granted prior to the trial, the result thereof would have been no different. It discussed and rejected Pangborn's claims (now so much harped upon, Pet., pp. 2, 10, 13, 14, 18, 19, 24, 26) with respect to "antithetical" representations claimed to have been made in the Patent Office

and in the trial Court. Finally it pointed out that Grocholl had visited the Pangborn plant in September, 1934, where he had discussed his machine and patent with Pangborn's Chief Engineer, Rosenberger, and that in August, 1935, Pangborn had copies of both the Grocholl and Hollingsworth applications. The evidence, it held, was therefore not newly-discovered. It denied the petition for a bill of review and re-hearing, and held that such petition was simply an attempt to go over the same ground covered at the trial.

The amended complaint, here under consideration, represents a still further attempt to go over the same ground.

The question as to the jurisdiction of the District Court over Patent Office matters is now moot, and there is no other jurisdictional question presented.

Despite the contrary suggestion made by Pangborn in "Reasons Relied on for the Allowance of the Writ" (Pet., p. 15), but omitted from "Questions Involved" (Pet., pp. 13-15), no question of jurisdiction which has not become moot is here involved. The Court of Appeals construed the amended complaint (R. 314a) as being an attempt to have the "District Court of Delaware determine questions relating to the issuance of patents confided by statute to the Commissioner of Patents and to the Patent Office", and held that no cause of action was stated (R. 314a). In its second opinion (R. 399) it reiterated that for this reason the amended complaint states "no controversy cognizable in the District Court of Delaware". The Commissioner of Patents has restored the first Peik application to the abandoned files, and both Hollingsworth applications have been

abandoned.* Hence the prayers to restrain action in the Patent Office are unquestionably obsolete.

Pangborn has pleaded no valid claim.

All that remains of Pangborn's prayers for relief in the amended complaint are therefore the triple damage claims under the Sherman Act. These the Court of Appeals regarded as "mere color" (R. 313a, note 10), and Pangborn evidently agrees, for in its Response to American's Reply Brief in the court below, at page 19, Pangborn said: "True, this amended complaint asserted also a violation of the anti-trust laws and a right to recover therefor. But the circumstance that *this claim for relief may not be well founded* should not deprive the plaintiff, etc." (Emphasis ours). *In its present petition for a writ Pangborn does not mention these prayers or rely in any way upon the Sherman Act.* Instead it attempts (1) to interpolate prayers from its attempted further amendment of the Amended Complaint (R. 202, prayers 10 and 11), which the courts below, in the exercise of the discretion conferred by Rule 15(a) F. R. C. P., refused to permit; and (2) to add an entirely new prayer for the recovery of damages and expenses incident to the interference proceedings involving the revived Peik application.

Even, however, if prayers numbered (10) and (11) of the proposed amendment to the amended complaint are properly to be considered here (as is clearly not the case), it is evident that no valid claim is stated because: (1) the fact that there was no fraud in the procurement of the Pittsburgh judgment has become *res judicata*** (41 F. Supp.

*S. N. 570,782, filed October 24, 1931, became abandoned April 16, 1942. S. N. 742,365, filed September 1, 1934, became abandoned May 7, 1941.

**Not only did the Pittsburgh court reject all of Pangborn's charges of fraud in connection with the Hollingsworth-Grocholl situation, but Pangborn was then in a position to assert the fraud which it now claims in connection with the revival of the aban-

841); and (2) the parties, as Pangborn concedes (Pet., p. 22), entered into a settlement contract after which Pangborn consented to the judgment in the Pittsburgh case (R. 19-20 in No. 481).

It will be noted that neither in the "Summary Statement" contained in Pangborn's petition for certiorari (pp. 2-13) nor in its brief are there any record references to show that the "facts" contained in the numerous factual statements relied on were pleaded. The only record references are to actions taken by the courts below, to patent applications and drawings in an "Exhibit Book", and to the pleadings in the most general way (*e.g.*, Pet., p. 12). This, despite the fact that the amended complaint (R. 151a-195a) is forty-five pages long, and appears to be an attempt to allege every "fact" which could conceivably have any bearing on the situation—and many which could not. This procedure is attempted to be justified upon the theory that if Pangborn "would be entitled to relief under any state of facts which might be proved in support" of its pleadings, a valid claim is stated (Pet., p. 2).

Manifestly this method of procedure represents a studied attempt to confuse the issue and lead the courts to believe that some valid claim, however dimly apprehended, lurks in the pleadings. It is plain that any attempt on our part to segregate the true from the false* in the "facts" which are stated would serve no useful purpose, and we therefore content ourselves with a *caveat* as to the integrity of Pangborn's factual statements.

doned Peik application. Having failed to present this latter claim at that time, Pangborn may not do so now (*Baltimore S. S. Co. v. Phillips*, 274 U. S. 316).

*As an example of falsity there is the statement (Pet., pp. 5, 6 and 7) that Pangborn's assignors were adjudged prior inventors to Peik, whereas it was merely held that the Peik application did not disclose the issue of the interference (*Peik v. Rosenberger*, 113 F. 2d 129). Such a holding does not constitute an award of priority (*In re Hoover*, 134 F. 2d 624).

CONCLUSION

No important question of Federal law is involved in respect of the validity of the amended complaint. There is indeed nothing for any court to decide which has not already been decided either by the Patent Office or the Pittsburgh Federal Court. If there were anything to decide, the question as to the validity of the amended complaint would be a narrow one to be decided on the facts peculiar to this manifestly unusual case, and of no general interest. Although Pangborn seeks to endow this case with importance by reference to the public interest (Pet., pp. 21-23) it specifically says (Pet., p. 25) "no attempt was made to set aside the decree and judgment in the 'Pittsburgh suit' * * * relief was sought only from the suitor"—and of course only in favor of Pangborn, not the public.

Respectfully submitted,

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